

DIRECTORS

Arthur Skidmore, Vancouver, B.C.
Herbert Skidmore, Vancouver, B.C.
Arthur Neil Eyben, Surrey, B.C.
Allan W. Page, West Vancouver, B.C.

OFFICERS

Arthur Skidmore, President
Herbert Skidmore, Executive Vice-President and Secretary
Arthur Neil Eyben, Vice-President — Retail
Allan W. Page, Vice-President — Wholesale

AUDITORS

Chadwick Potts & Co., New Westminster, B.C.

TRANSFER AGENT

National Trust Company Limited

HEAD OFFICE

823 Carnarvon Street, New Westminster, B.C.

STOCK LISTING

Vancouver Stock Exchange

ANNUAL MEETING

Thursday, May 27, 1971 at 10:00 a.m.
Coronet Room, Royal Towers Hotel
New Westminster, B.C.

COVER — Automobile traffic on Lions Gate Bridge, Vancouver, B.C. Many Canadian Cars are equipped with Ford Car Lite Window Glass distributed and installed by a Trans Canada Glass subsidiary.

President's Report to Shareholders

As President of your Company, I wish to present to you our second annual report for the year ended December 31, 1970. Since incorporation of Trans Canada Glass Ltd., we have witnessed a significant increase in the Company's sales and operating performance. New records were established in sales and operating income before taxes; however, net income after taxes was down slightly from 1969.

Net income for the year ended December 31, 1970 was \$471,184 or 40 cents per share as compared to 42 cents per share for 1969. Income before income taxes increased to \$944,950 from \$940,289 in 1969. The decrease in net income is solely attributable to increased rates of income tax. Sales in 1970 increased to \$7,938,987 up from \$7,707,553 for 1969.

The past year can be described as a year of consolidation for your Company. Faced with restrictive monetary and economic conditions, stringent budget controls resulted in greater utilization of resources to minimize the effect of rising material and labour costs. Throughout the year, each subsidiary's operations were reviewed in detail in order to achieve increased sales, efficient distribution and maintenance of profit margins.

Three new wholly-owned automotive replacement glass companies were acquired during the year expanding operations into the cities of Chilliwack, British Columbia, Lethbridge, Alberta and Quebec City, Quebec. The land and buildings for each location were also acquired to facilitate future expansion. The Company also acquired the remaining fifty percent of the outstanding shares in Crystal Installations Ltd. of Calgary, Alberta. As at December 31, 1970 Trans Canada Glass Ltd. now controls eighteen wholly-owned subsidiaries in the field of wholesale and retail installation of automotive replacement glass and contract glazing.

During the year, the Company began declaring quarterly dividends of 6¼ cents per share. To date, \$446,250 has been paid to our shareholders.

All divisions have been geared to contribute higher earnings in 1971 than in the past year. Contract bookings are at a record level and wholesale-retail sales have indicated a very significant improvement for the first quarter of 1971. Our program of stringent cost controls and an improving Canadian economy should also help our performance to reach or better the growth rates achieved in 1969.

On behalf of the Board

ARTHUR SKIDMORE
President

TRANS CANADA GLASS LTD. and subsidiary companies

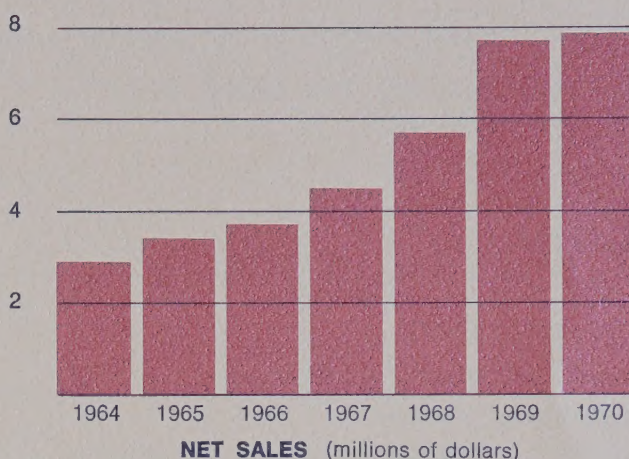
FINANCIAL REVIEW

	1970	1969	1968	1967	1966	1965	1964
Sales	\$7,938,987	\$7,707,553	\$5,611,997	\$4,539,795	\$3,816,255	\$3,572,790	\$3,081,930
Cost of Sales, Operating and administrative expenses	6,915,032	6,706,174	5,002,604	4,159,703	3,446,134	3,242,698	2,842,592
Depreciation	68,988	50,028	49,701	44,629	33,541	28,538	23,712
Interest	10,017	11,062	12,829	11,065	7,826	7,511	2,999
	6,994,037	6,767,264	5,065,134	4,215,397	3,487,501	3,278,747	2,869,303
Income before income taxes	944,950	940,289	546,863	324,398	328,754	294,043	212,627
Provision for income taxes	473,766	435,715	185,760	94,640	95,688	77,289	47,659
Net income	471,184	504,574	361,103	229,758	233,066	216,754	164,968
Net income per share 1,190,000 shares	40¢	42¢	30¢	19¢	20¢	18¢	14¢

NET SALES

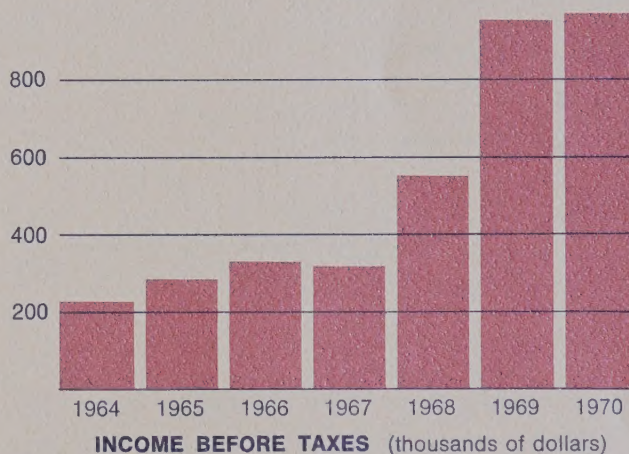
Your company's sales reached a record level in 1970 amounting to \$7,939,000, an increase of \$231,000 over 1969.

Sales growth was adversely affected by the general economic slowdown and two month glaziers' strike and construction lockout in British Columbia and Alberta. However, automotive glass volume and sales increased favourably during 1970.



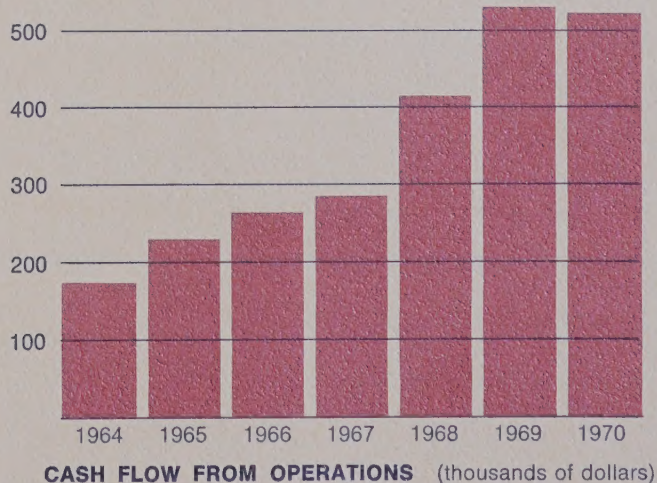
INCOME BEFORE TAXES

As with net sales, income before taxes established new records, reaching \$945,000. Profit margins in 1970 were 11.9% compared with 12.2% in 1969 and 9.7% in 1968. Effective utilization of cost controls enabled management to minimize cost increases and maintain past years' margins.



CASH FLOW FROM OPERATIONS

Cash generated from operations has continued to improve in direct relation to net income. On a per common share basis, cash generated from operations was \$0.45 per share for 1970.



TRANS CANADA GLASS LTD. and subsidiary companies

CONSOLIDATED BALANCE SHEET

as at December 31, 1970

ASSETS

	1970	1969
CURRENT ASSETS:		
Cash and term deposits	\$ 537,961	\$1,240,163
Accounts receivable	1,228,528	1,136,076
Inventory — at lower of cost or net realizable value	1,458,079	1,277,548
Prepaid insurance and refundable deposits	9,104	9,218
Total current assets	<u>3,233,672</u>	<u>3,663,005</u>
 FIXED ASSETS, at cost		
Land	286,567	241,567
Building and equipment	943,062	764,430
	<u>1,229,629</u>	<u>1,005,997</u>
Less: Accumulated depreciation	322,609	238,929
	<u>907,020</u>	<u>767,068</u>
 INVESTMENTS AND OTHER ASSETS:		
Advances to and investment in affiliated company	—	31,101
Cost of shares in subsidiaries in excess of net book value — Note 2	471,992	355,201
	<u>471,992</u>	<u>386,302</u>
 DEFERRED INCOME TAXES — Note 3	42,266	—
	<u>\$4,654,950</u>	<u>\$4,816,375</u>

Approved on behalf of the Board:

A. Skidmore, Director

H. Skidmore, Director

LIABILITIES

	1970	1969
CURRENT LIABILITIES:		
Bank loan	\$ —	\$ 51,000
Accounts payable and accrued charges	1,374,470	1,408,955
Income taxes payable	186,970	279,656
Dividend payable	74,375	148,750
Current portion of long term debt	52,302	61,007
Total current liabilities	<u>1,688,117</u>	<u>1,949,368</u>
LONG TERM DEBT — Note 4	169,982	243,840

SHAREHOLDERS' EQUITY

Share Capital		
Authorized:		
3,000,000 shares without nominal or par value		
Issued:		
1,190,000 shares	2,461,684	2,461,684
Retained earnings	335,167	161,483
	<u>2,796,851</u>	<u>2,623,167</u>
	<u>\$4,654,950</u>	<u>\$4,816,375</u>

The accompanying notes are an integral part of these financial statements.

TRANS CANADA GLASS LTD. and subsidiary companies

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 1970

(With comparative amounts for the nine months ended December 31, 1969)

	1970	1969
Sales	\$7,938,987	\$5,980,631
Cost of sales, operating and administrative expenses	6,915,032	5,193,806
Depreciation	68,988	38,166
Interest	10,017	7,615
	6,994,037	5,239,587
Income before income taxes	944,950	741,044
Income taxes		
Current	473,853	380,868
Deferred	(87)	—
	473,766	380,868
Net income	\$ 471,184	\$ 360,176
Net income per common share	40¢	30¢

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 1970

(With comparative amounts for the nine months ended December 31, 1969)

	1970	1969
Retained earnings, beginning of year	\$ 161,483	\$ —
Add: Net income	471,184	360,176
	632,667	360,176
Deduct: Dividends paid	297,500	148,750
Share issue expenses net of income taxes	—	27,939
Reduction in book value of shares in affiliated company	—	22,004
	297,500	198,693
Retained earnings, end of year	\$ 335,167	\$ 161,483

The accompanying notes are an integral part of these financial statements.

TRANS CANADA GLASS LTD. and subsidiary companies

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1970

(With comparative amounts for the nine months ended December 31, 1969)

	1970	1969
Source of Funds:		
Net income	\$ 471,184	\$ 360,176
Add: Charges not requiring an outlay of funds:		
Depreciation	68,988	38,166
Income tax	(87)	—
Net funds from operations	\$ 540,085	\$ 398,342
Proceeds from sale of fixed assets	4,279	9,792
Proceeds from sale of share capital	—	2,096,099
	<u>544,364</u>	<u>2,504,233</u>
Application of Funds:		
Advances to affiliated company	—	16,923
Additions to fixed assets	194,542	324,226
Purchase of shares in subsidiary companies	146,546	262,354
Share issue expenses net of income taxes	—	27,939
Reduction of long term debt	73,858	10,404
Dividends paid	297,500	148,750
	<u>712,446</u>	<u>790,596</u>
Increase (Decrease) in Working Capital	(168,082)	1,713,637
Working Capital, beginning of year	1,713,637	—
Working Capital, end of year	<u>\$1,545,555</u>	<u>\$1,713,637</u>

The accompanying notes are an integral part of these financial statements.

AUDITORS' REPORT

The Members
TRANS CANADA GLASS LTD.
New Westminster, B.C.

We have examined the Consolidated Balance Sheet of TRANS CANADA GLASS LTD. as at December 31, 1970 and the Consolidated Statement of Income, Retained Earnings and Source and Application of Funds for the year ended December 31, 1970. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these Consolidated Financial Statements present fairly the financial position of the Company as at December 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New Westminster, B.C.
May 11, 1971

CHADWICK, POTTS & CO.
Chartered Accountants

TRANS CANADA GLASS LTD. and subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at December 31, 1970

1. The Company was incorporated on March 26, 1969 and the comparative operating results reflect only a nine month fiscal year as compared to a full twelve month fiscal year for 1970.
2. The consolidated financial statements include the accounts of all subsidiary companies which are wholly-owned, including Crystal Installations Ltd., Chilliwack Crystal Glass Ltd., Du-Ro Vitres (1966) Ltée and Lethbridge Glass Ltd., purchased during 1970.
3. Deferred income taxes represent expected tax reduction in future years by applying the current and pre-acquisition losses to reduce future taxable income. Management is virtually certain that these benefits will be realized and, in accordance with the recommendations by The Canadian Institute of Chartered Accountants, the reduction relating to the current year losses has been recorded in the current period.
4. The total amount of \$169,982 represents share purchase agreements, first mortgages and agreements for sale bearing interest rates between 6% and 7½ % per annum.
5. Cost of sales, operating and administrative expenses included remuneration paid to directors aggregating \$148,387, (1969 for nine months \$120,915).
6. The Company has established an employee stock option plan for which 35,000 common shares are reserved for full-time officers and employees, exercisable on a non-cumulative basis at 10,000 per year from March 31, 1971 to March 31, 1973 and 5,000 to March 31, 1974. All the authorized options are to be exercisable at \$5 per share. No options were exercised for the option period ended March 31, 1971.



▲ WHOLESALE ■ RETAIL ● CONTRACT GLAZING

- | | | |
|--|--|---|
| ▲ A & H Sales Ltd.,
823 Carnarvon St.,
New Westminster, B.C. | ■ B & A Auto Glass Ltd.,
680 - 3rd Ave.,
Prince George, B.C. | ■ Crystal Glass Calgary Ltd.,
140 - 17th Ave. S.E.,
Calgary, Alberta. |
| ▲ A & H Sales Ltd.,
3639 - 16th Street S.E.,
Calgary, Alberta. | ■ B & A Auto Glass Ltd.,
1053 Davie Street,
Vancouver, B.C. | ● Crystal Installations Ltd.,
220 - 17th Ave. S.E.,
Calgary, Alberta |
| ▲ A & H Sales Ltd.,
1053 Davie Street,
Vancouver, B.C. | ■ ● Bahry's Glass Ltd.,
10242 - 106th Street,
Edmonton, Alberta | ■ Lethbridge Glass Co. Ltd.,
12367 - 3rd Ave. South,
Lethbridge, Alberta. |
| ▲ A & H Sales Ltd.,
10261 - 106th Street,
Edmonton, Alberta. | ■ Broadway Auto Glass Ltd.,
3401 Fraser St.,
Vancouver, B.C. | ■ Livingstone Glass Co. Ltd.,
10261-106th Street,
Edmonton, Alberta. |
| ▲ A & H Sales Ltd.,
382 Maryland St.,
Winnipeg, Manitoba. | ■ Central Auto & Window Glass Ltd.,
823 Carnarvon St.,
New Westminster, B.C. | ■ Model Glass Ltd.,
1751 Kingsway
Vancouver, B.C. |
| ▲ A & H Sales Eastern Ltd.,
146 George Street,
Toronto 229, Ontario. | ● Central Glass Products Ltd.,
823 Carnarvon St.,
New Westminster, B.C. | ■ ● Pacific Glass Ltd.,
932 Pandora Ave.,
Victoria, B.C. |
| ▲ A & H Quebec Ltd.,
10461 Pigeon Street,
Montreal Nord, Quebec. | ● Central Glass Products PG Ltd.,
610 - 3rd Ave.,
Prince George, B.C. | ■ Du-Ro Vitres (1966) Ltée.,
20 Dorchester South,
Quebec City, Quebec. |
| ■ Active Auto & Window Glass Ltd.,
320 - 14th Street N.W.,
Calgary, Alberta. | ■ Chilliwack Crystal Glass Ltd.,
45579 West Yale Road,
Chilliwack, B.C. | |

